



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 06/01/10
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Scott D. McGolpin, Director of Public Works, 568-3010
Director(s)
Contact Info: Mark Schleich, Deputy Director of Public Works, 882-3603

SUBJECT: Solid Waste Tipping Fees, Collection Rates and Parcel Fees for FY 2010/11
All Supervisorial Districts

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Recommended Actions:

That the Board of Supervisors:

- 1) Set a Public Hearing for June 15, 2010 for 20 minutes to consider the proposed solid waste disposal and collection fee schedules, as follows:
 - a) Adopt a resolution (Exhibit 1), effective July 1, 2010, setting the fee schedules for solid waste handling and disposal fees at County facilities (Attachment A) and solid waste collection rates in the unincorporated area (Attachment B);
 - b) Adopt a resolution (Exhibit 2), effective July 1, 2010, setting the Parcel Fee Schedule for the Cuyama Valley for Fiscal Year 2010/11;
 - c) Accept the Notice of Exemption pursuant to the County's California Environmental Quality Act Guidelines (Exhibit 3);

Summary Text:

Each year, your Board adopts fees charged at County-operated solid waste management facilities as well as rates charged by the franchised service providers to collect waste materials from residential and commercial customers. These fees are developed and approved in accordance with Chapter 17 of the

Auditor-Controller Concurrence

As to form: Yes

Santa Barbara County Code. The most noteworthy tip fee change is a proposed increase for municipal solid waste assessed at County facilities as included in the multi-year cash flow evaluation conducted by the Division with assistance from the Auditor-Controller and County Executive offices, and your Board's previously adopted reserve policies for Enterprise Funds. Additionally, the Division is continuing to make changes at our facilities to make up for a loss in revenue due to residents and businesses generating less waste resulting in less waste material being delivered to our facilities.

Current franchise agreements with the solid waste collectors require the County to increase the collection portion of the rates each year by the Consumer Price Index (CPI) as well as incorporate any increases in tipping or handling fees associated with the material collected by the service providers. Based on the above cost increases, rates charged to residential and commercial customers will increase between a low of .6% to a high of 1.8% depending on the customer's location and service level.

Background:

Each year, your Board adopts fees charged at County-operated solid waste management facilities as well as rates charged by the franchised service providers to collect waste materials from residential and commercial customers. These fees are developed and approved in accordance with Chapter 17 of the Santa Barbara County Code. Detail associated with the proposed rate changes is provided below.

Disposal Fees – Landfill and Transfer Stations

Few changes are being proposed for rates charged at County solid waste management facilities for FY 2010/11. The most significant rate revision being proposed is an increase in the tipping fee charged at the Tajiguas Landfill for municipal solid waste. The current rate is \$63.50/ton and the proposal is to increase the rate by \$4 per ton to \$67.50/ton. This increase is consistent with the multi-year cash flow evaluation conducted by the Division and reviewed by the Auditor-Controller and County Executive offices as well as the Reserve Policy for the Solid Waste Enterprise Fund that was adopted by your Board in June 2007.

In addition to the tipping fee increase proposed last fiscal year, a surcharge of \$4 per ton was assessed on franchised solid waste disposed at County facilities to address the significant downturn in the value of recyclable materials. Due to the significant decrease in the value, it was anticipated that the costs to operate the commingled recycling program were going to exceed the revenues associated with the program. Each of the cities using the County facilities and participating in the regional recycling program agreed to temporarily levy this surcharge until the market improved. Over the past fiscal year, the value of the recyclables has improved. The example that was given last year was the value of newspaper, which had been \$138.50 in October 2008 and decreased to \$27.93 in November 2008. In recent months, the value for newspaper has increased to \$120 per ton. At this time, staff is recommending the removal of the surcharge as it is anticipated that the revenues from the program will be able to cover its costs.

The entire proposed fee schedule for waste handled at County facilities is included as Attachment A to this Board Letter.

Over the past several years, residents and businesses are generating less waste overall, therefore the tonnage of material being managed at our facilities has decreased. In addition to the proposed tip fee increase as discussed above, the Division is continuing to implement cost saving measures. This fiscal year, the hours of operation at the Tajiguas landfill for Monday – Friday were decreased and the landfill

was closed on Saturdays. This reduction was feasible because little tonnage was delivered by customers to Tajiguas in the late afternoons and on Saturdays and the South Coast Recycling & Transfer Station was open and available as a disposal option. This change allowed in-house staff to conduct on-site projects that otherwise would be conducted by outside contractors, thereby reducing capital expenditures.

Collection Rates

Annually, your Board sets the rates charged by the solid waste collectors to residential and commercial customers in the unincorporated areas of the county. These rates are affected by the increased cost of collecting and processing or disposing of waste material. Pursuant to the County's franchise agreements with the solid waste collectors, a CPI adjustment is required on the collection portion of the rate which reimburses the haulers for their operational costs of collection. The CPI that is used is the U.S. Department of Labor Los Angeles-Riverside CPI from February 2009 to February 2010 and was 1.4% over this time period.

The second component of the rate charged to customers is the cost to process or dispose of waste. In FY 10/11, as mentioned above, the County is proposing to raise its disposal rate at Tajiguas from \$63.50 to \$67.50 per ton but simultaneously removing the \$4 per ton surcharge to assist the recycling program resulting in no net increase in the cost for customers to dispose at the Tajiguas Landfill. The City of Lompoc is increasing its disposal rate from \$70.18 to \$72.18 per ton and the City of Santa Maria will be maintaining its current rate of \$69.89 per ton. The Tajiguas Landfill continues to have the lowest tip fee in the County.

Lastly, in 2004, the California Air Resources Board (CARB) passed new waste collection vehicle regulations that require all solid waste collection vehicles to meet new diesel emission standards. The regulations urged municipalities to consider the issue of reimbursing compliance costs through the solid waste rate system. In FY 08/09, staff recommended, and your Board approved, adjusting the rates to reimburse the solid waste collectors for 50% of their CARB compliance costs over a three year period. FY 10/11 will be the last year of the three year period. In FY 11/12, the surcharge will be removed.

Based on the above cost increases, rates charged to residential and commercial customers will increase between a low of .6% to a high of 1.8% depending on the customer's location and service level. Examples of the specific rates are provided below.

Rate Examples

Proposed residential and commercial rates are shown in Attachment B. The following table provides an example of the monthly rate increases for residential customers, including the rate modifications discussed above, using a standard service level consisting of 60 gallons of trash and/or green waste service and up to 90 gallons of recyclables collected for each zone.

Residential Monthly Rates	2009/10	2010/11	% change
Zone 1 - Marborg			
Carpinteria, Summerland, Montecito			
High Density	\$ 41.11	\$ 41.58	1.14%
Low Density	\$ 55.35	\$ 56.01	1.19%
Zone 2 - BFI/Allied			
North of Hollister	\$ 32.00	\$ 32.35	1.09%
Zone 3 - Marborg			
South of Hollister			
Goleta/Mission Canyon/IV	\$ 32.31	\$ 32.66	1.08%
Hope Ranch	\$ 42.10	\$ 42.59	1.16%
IV Multi-Family	\$ 41.15	\$ 41.57	1.02%
Zone 4 - HSS/Waste Management			
Lompoc Valley	\$ 33.03	\$ 33.58	1.67%
Zone 5 - HSS/Waste Management			
Santa Ynez	\$ 32.24	\$ 32.59	1.09%
Santa Maria	\$ 25.64	\$ 25.90	1.01%

The following table provides an example of the proposed monthly rate increases using a 2 cubic yard commercial container serviced once per week in the different service areas. Again, the percent increase includes the rate modifications discussed above.

Commercial Monthly Rates	2009/10	2010/11	% change
Zone 1 - Marborg	\$ 127.26	\$ 128.30	0.82%
Zone 2 - BFI/Allied	\$ 110.67	\$ 111.63	0.87%
Zone 3 - Marborg			
Regular	\$ 109.85	\$ 110.80	0.86%
Isla Vista	\$ 117.24	\$ 118.20	0.82%
Zone 4 - HSS/Waste Management	\$ 102.81	\$ 104.78	1.92%
Zone 5 - HSS/Waste Management			
Santa Ynez	\$ 148.35	\$ 149.74	0.94%
Santa Maria	\$ 111.94	\$ 112.94	0.89%

Other Rates and Fees – Cuyama Valley Parcel Fees

The Cuyama Valley is served by two County-operated transfer stations built in 1996, which replaced the local landfills upon their closure. In accordance with Section 25830 of the California Government Code, property owners in the Cuyama Valley pay for solid waste disposal services through parcel fees according to a schedule that was established with the adoption of a resolution by the Board of Supervisors in 1982 (Resolution Number 82-360). The single-family occupied dwelling rate is \$77.00 per year. Other fees are based on a waste generation factor, comparing the single family dwelling rate to that of waste generated by other land uses.

The fee schedule was established to generate revenue to offset the operation and maintenance costs for solid waste disposal services in Cuyama Valley, however the fees collected do not cover the cost to

operate the transfer stations. Changes were made this fiscal year to the methods used to collect and transport the waste collected in this area that decreased this shortfall. The Department is proposing no increase in rates for FY 2010/2011. The Public Works Department requests that the Treasurer-Tax Collector continue to bill and collect the current fee as part of the regular County property tax system.

Performance Measure:

None

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Narrative: Tipping fees charged at County-operated solid waste management facilities are revenue to the Solid Waste Enterprise Fund. Fees proposed in this Board Letter are included in the Division's budget for FY 10/11 and total \$22,355,493. Rates charged to residential and commercial customers for the curbside collection of waste material are charged by the service providers who receive payments directly from their ratepayers. These costs are not included in the budget of the Resource Recovery & Waste Management Division.

Staffing Impacts:

Legal Positions:
0

FTEs:
0

Special Instructions:

Please direct the Clerk of the Board to publish a Notice of Public Hearing in the Santa Barbara News Press, Santa Maria Times, and the Bakersfield Californian five and ten days prior to the hearing, as per Government Code Section 6062a. Please send an executed copy of the Resolutions and a Minute Order to the Resource Recovery & Waste Management Division of the Public Works Department, attn: Leslie Wells.

Following Board approval, Clerk of the Board to please post the Notice of Exemption and forward a stamped copy to the Resource Recovery and Waste Management Division of the Public Works Department, attn: Joddi Leipner.

Attachments:

- 1) Exhibit 1: Resolution of the Board of Supervisors regarding solid waste handling and disposal fees (Attachment A), and solid waste collection rates charged by franchisees (Attachment B)
- 2) Exhibit 2: Resolution of the Board of Supervisors regarding fees for waste disposal in New Cuyama Valley
- 3) Exhibit 3: Notice of Exemption

Authored by: Leslie Wells, Program Leader, Resource Recovery & Waste Management (ext. 3611)